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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 11/05/08

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Prime Minister's schedule, November 4

NIKKEI (Page 2) (Full)

November 5, 2008

09:29

Met with Defense Minister Hamada and Vice Defense Minister Masuda. Hamada remained.

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10:01

Cabinet meeting. Environment Minister Saito remained. Then met with State Minister for Declining Birthrate Obuchi and Chairman Ozaki of the Expert Council on the Way Public Document Should be Controlled, followed by Public Security Intelligence Agency Director General Yanagi.

11:35

Met with al-Atiyah

13:45

Met with Vice Health, Labor and Welfare Minister Erikawa, followed by Deputy Secretary General Yamaguchi. Then met with Otsuji, chairman of the LDP caucus in the Upper House and Deputy Chief Cabinet Secretary Konoike.

15:07

Deputy Foreign Minister Sasae.

16:00

Issued appointment letters to Cabinet Counselor Gyoten and Nogami. Vice Finance Minister for International financial affairs Shinohara, Foreign Ministry Economic Affairs Bureau Director General Otabe, Matsumoto and Konoike were present.

18:25

National Council on Social Security meeting. Then met with Nippon Keidanren Honorary Chairman Okuda.

19:36

Dined with secretary and others at a steak house in Higashi-Azabu.

22:22

Met with secretary at a bar in Hotel Okura.

0:30

Arrived at the private residence.

- 4) Ex-ASDF chief of staff refused to resign

MAINICHI (Page 2) (Full)

November 5, 2008

On the issue of former Air Self-Defense Force Chief of Staff Toshio Tamogami's publication of an essay running counter to the government's view of history, Defense Minister Yasukazu Hamada asked Tamogami to resign as the problem was brought to light but he refused, sources revealed yesterday. The Defense Ministry therefore sacked Tamogami from his ASDF chief of staff post on Oct. 31 and retired him three days after that under the age limit. However, Tamogami's refusal of Hamada's recommendation is now being called into question from the perspective of civilian control over the Self-Defense Forces.

According to the sources, Hamada called Tamogami on the evening of

Oct. 31, when the essay was made public. Hamada then urged Tamogami to resign voluntarily, telling him: "This is a problem on the ASDF chief of staff's part. I'd like you to quit." However, Tamogami refused to do so, saying: "I wrote it based on my beliefs. I will not send in my resignation."

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The Defense Ministry then even considered taking disciplinary action. However, the Self-Defense Forces Law has no relevant regulations. The Defense Ministry therefore removed Tamogami from his ASDF chief of staff post and assigned him to the Air Staff Office. Even thereafter, Tamogami did not comply with the Defense Ministry's recommendation to go through procedures for resignation, the sources said. The Defense Ministry therefore mandated his retirement on Nov. 3.

Meanwhile, Tamogami, meeting the press yesterday, stressed: "I will resign in accordance with the defense minister's decision. I will comply with civilian control."

5) Government agonizing over Tamogami essay scandal

YOMIURI (Page 4) (Abridged slightly)
November 5, 2008

The government and the ruling coalition are agonizing over the issue of former Air Self-Defense Force Chief of Staff Toshio Tamogami's essay on the Showa War and other events that was at variance with the government's view. Tamogami retired from the ministry as of Nov. 13. The government is trying to bring the matter to a close swiftly with the Defense Ministry announcing yesterday punitive actions against senior ministry officials. Meanwhile, the opposition camp is set to thoroughly pursue the defense ministry on the fact that it did not take punitive action against Tamogami.

Ahead of a cabinet meeting yesterday, the Prime Minister ordered Defense Minister Yasukazu Hamada to take steps to: (1) prevent a recurrence, (2) clarify oversight responsibility, and (3) provide an explanation to the public. Hamada explained in a press conference after the cabinet meeting: "No one wishes anyone to resign voluntarily nor are there prospects to cooperate in a set of procedures. We must keep paying salaries for several months." It is a fact that some in the ministry think that punitive measures might diminish the morale of SDF members.

Meanwhile, major opposition Democratic Party of Japan President Ichiro Ozawa in a press conference yesterday declared: "Allowing him to retire does not face up to the heart of the problem. We are going to take that issue up as one associated with the LDP-New Komeito coalition." Four opposition parties agreed through their Diet chiefs meeting yesterday to summon Tamogami to the Diet for testimony. The DPJ demanded the LDP that Tamogami testify as early as Nov. 6 before the Upper House Foreign Affairs and Defense Committee, which is discussing a bill amending the New Antiterrorism Special Measures Law. With Tamogami revealing he plans to respond to the call, the prevailing view is that it has become difficult for the committee to take a vote on the legislation on Nov. 6, as was planned by the ruling bloc.

6) Over 50 SDF members may have entered essay contest in which Tamogami won prize

ASAHI (Page 39) (Abridged slightly)
November 5, 2008

The Defense Ministry said on Nov. 3 that Toshio Tamogami, 60, who was dismissed as Air Self-Defense Force chief of staff due to his award-winning essay that claimed Japan was wrongly accused of being a wartime aggressor, retired from the ministry as of Nov. 3. It was

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learned yesterday through the ministry's internal survey that over 50 Self-Defense Force personnel seem to have entered essays in the

same contest. The ministry is checking the process leading up to their applications and whether or not their essays contained any problem areas and expanding the survey to include personnel across the nation.

The contest was run by the private hotel operator Apa Group under the theme "A truthful view of modern history." A total of 13 essays won prizes and no other SDF member (but Tamogami) was included in them. Reportedly there were over 230 entries.

The ministry is investigating its internal bureaus and the Ground, Maritime, and Air Self-Defense Forces. The ministry's survey has found that more than 50 SDF personnel, including several ASDF members, had notified or consulted their superiors about submitting essays.

When releasing an essay or a giving a speech on his/her duties, an SDF member must notify his/her superior about it in writing in advance. Tamogami verbally informed the head of the Defense Ministry's secretariat about his essay in a chat without presenting a written notice, based on his judgment that it did not concern his duties. The ministry has judged that the content of the essay was concerned with Tamogami's duties and that he should have informed his superior in writing.

The ministry is expected to check exactly how many more SDF personnel entered the contest and to consider punitive measures against those essays posing problems. Although Tamogami indicated that he had not coerced essays from other SDF personnel, the ministry will investigate if the former top ASDF officer had exerted his influence regarding entering the contest.

7) Administrative vice defense minister to be punished with pay cut over Tamogami essay scandal; Defense minister to return one month's salary

MAINICHI (Page 1) (Abridged slightly)
November 5, 2008

The Defense Ministry announced yesterday punitive actions against senior ministry officials in connection with the release of an essay by former Air Self-Defense Force Chief of Staff Toshio Tamogami. The ministry will punish Administrative Vice-Defense Minister Kohei Masuda with a pay cut of 10 PERCENT for one month for a violation of control and supervision under the Under the Self-Defense Forces Law; Personnel and Education Bureau Director-General Atsushi Watanabe with a reprimand; and Minister's Secretariat Director-General Kimito Nakae with a caution. Further, Defense Minister Yasukazu Hamada will voluntarily return his cabinet minister salary for one month. Senior Vice-Defense Minister Seigo Kitamura and parliamentary defense secretaries Ryota Takeda and Nobuo Kishi will also return 50 PERCENT of their position salaries for one month.

According to the Defense Ministry, Tamogami verbally informed Nakae that he had entered an essay contest but did not inform Nakae of the contents of his essay or file a written notice, as internally required. Given the situation, the ministry has decided to take punitive actions against the senior ministry officials at an early date in the judgment that administrative confirmation and other

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factors had been insufficient.

8) Opposition parties to summon Tamogami

SANKEI (Page 5) (Abridged)
November 5, 2008

The leading opposition Democratic Party of Japan (Minshuto) and three other opposition parties, the Japanese Communist Party, the Social Democratic Party, and the People's New Party, all took a critical stance yesterday toward the government over former Air Self-Defense Force Chief of Staff Toshio Tamogami's publication of an essay differing from the government's view of history. The four opposition parties held a meeting of their Diet affairs committee

chairmen yesterday, in which they agreed to summon Tamogami to testify before the House of Councillors Foreign Affairs and Defense Committee as an unsworn witness. In addition, they also agreed to pursue the government's appointment and oversight responsibilities as well as the Defense Ministry's.

In response, the DPJ's Keiichiro Asao, senior director on the House of Councillors Foreign Affairs and Defense Committee, told the LDP's Katsuhito Asano, also senior director on the committee, that the opposition bench would summon Tamogami to testify before the committee as an unsworn witness.

Meanwhile, DPJ President Ichiro Ozawa, meeting the press yesterday, remarked: "Those in the military have their own various views about political issues. That is good. But it's not good to make statements about specific political issues. The Self-Defense Forces, which is an armed organization, should follow judgments made by the government elected by the people." This can be taken as indicating that Ozawa thinks an SDF officer's remark over historical perception was a political remark and that anyone in the SDF should abstain from making such remarks.

The ruling coalition wants the House of Councillors Foreign Affairs and Defense Committee to take a vote tomorrow on a government-introduced bill amending the new Antiterrorism Special Measures Law. However, the ruling parties also fear that the Tamogami problem may delay the committee's vote on the legislation.

9) Opposition parties object to ex-ASDF chief of staff's ordinary retirement over controversial essay; Diet likely to face rough going in debate on refueling bill

TOKYO SHIMBUN (Page 2) (Full)
November 5, 2008

On the issue of former Air Self-Defense Force Chief of Staff Toshio Tamogami's publication of an essay justifying Japan's aggressive wartime past, all opposition parties yesterday raised objections to the ordinary retirement of Tamogami after he refused to submit to disciplinary procedures. The opposition parties will pursue the government's responsibility. The government, driven by a sense of crisis, took action in haste to punish senior Defense Ministry officials. However, the Diet will inevitably be affected in its deliberations. It will not likely be so easy to draw the curtain on the issue.

"The most immediate action is this way (involuntary retirement)." So saying, Chief Cabinet Secretary Takeo Kawamura admitted in a press

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conference that the retirement of Tamogami under the date of Nov. 3 was intended to settle the situation quickly.

On Oct. 31, the government dismissed Tamogami from his ASDF chief of staff post as soon as the issue was brought to light. The government wanted Tamogami to voluntarily quit the Defense Ministry. However, he refused both voluntary resignation and disciplinary punishment. The government therefore felt it had no choice but to retire him under the age limit.

Democratic Party of Japan (Minshuto) President Ichiro Ozawa criticized the early retirement of Tamogami, saying: "The government dismissed him and then retired him under the age limit. The government lacks public accountability. It's very regrettable."

The DPJ, the Japanese Communist Party, the Social Democratic Party, and the People's New Party held a meeting of their Diet affairs committee chairmen yesterday, in which the four opposition parties agreed to summon Tamogami to the House of Councillors Foreign Affairs and Defense Committee. They will pursue Prime Minister Aso's responsibility, as well as Defense Minister Hamada's, seeking to drive the government and the ruling parties into a corner. For that purpose, a DPJ executive implied that the committee would go so far as to refuse to take a vote on the refueling bill.

Encountering such sharp reactions from the opposition parties, the

government and the ruling parties do not expect discussion of the legislation to be as smooth as planned. "This will inevitably affect Diet deliberations on the bill amending the new antiterror special measures law," said an executive of the LDP Diet Affairs Committee. The government allowed Tamogami's early retirement, since it was in a hurry to settle the problem. Consequently, such action ended up incurring the wrath of the opposition parties.

The Defense Ministry announced its punishment of seven senior officials yesterday evening at Aso's orders, including Hamada's return of part of his pay. The government wants to dodge the opposition bench's attack. This, however, does not seem to be convincing to the opposition parties.

10) Talks on timetable for refueling bill breaks down as DPJ demands summoning ex-ASDF chief to Diet over controversial essay

MAINICHI (Page 5) (Full)
November 5, 2008

The top executive members of the Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ) in the House of Councillors Foreign Affairs and Defense Committee yesterday discussed the timetable for deliberations on a bill amending the New Antiterrorism Special Measures Law to extend the Maritime Self-Defense Force's refueling mission in the Indian Ocean. But the talks ended with no agreement as the DPJ executive unofficially sounded out his counterpart on the party's plan to summon Toshio Tamogami, who was dismissed as Air Self-Defense Force chief of staff over his essay contradictory to the government's current position on Japan's wartime history, to the Diet for testimony. The LDP executive insisted on an early vote on the bill, remarking: "We have fully discussed the issue." The DPJ will formally propose in an executive meeting today the summoning of Tamogami to the Diet.

The DPJ, the Japanese Communist Party, the Social Democratic Party,
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and the People's New Party held a meeting of their Diet Affairs Committee chairmen yesterday in the Diet Building. The four chairmen agreed to call on the government to summon Tamogami to the Diet. If Tamogami is summoned, they will pursue the government's responsibility in intensive deliberations at the said committee and other meetings, focusing on why it appointed Tamogami as ASDF chief of staff and why he contributed the controversial essay to contest. They aim to bring Tamogami into the Diet on Nov. 11, at the earliest.

The DPJ has also indicated an intention to invoke its right to investigate state affairs over the report on a fact-finding team to Afghanistan to be submitted by the government to the executive meeting today of the Upper House Foreign Affairs and Defense Committee if the party finds its contents insufficient. It has thus become more uncertain for the refueling bill to clear the Diet.

11) Foreign Ministry set up policy office tasked with anti-piracy measures

MAINICHI (Page 5) (Full)
November 5, 2008

The Foreign Ministry set up a maritime safety policy office under the National Security Policy Division of the Foreign Policy Bureau yesterday. The ministry will be more actively involved in maritime safety, tackling piracy and other problems.

Prime Minister Taro Aso has indicated a positive view about new legislation to enable Japan to dispatch Maritime Self-Defense Force's vessels to guard commercial freighters and other ships from possible attacks by pirates in pirate-infested waters off Somalia, East Africa. The new office will take the initiative in drafting a new law in the Foreign Ministry.

According to the Foreign Ministry, about 99 PERCENT of Japan's trade depends on maritime transport, so the government has been urged as an important task to prepare measures to ensure safe

navigation, as well as to combat terrorists and pirates. The government enacted the Basic Law of the Sea in April of last year, based on the UN convention on the Law of the Sea. This legislation has made it possible for Japan to promote maritime policies in a comprehensive way and prompted the ministry to establish the said office.

The number of attacks by pirates has decreased in Southeast Asia. But such attacks off Somalia, as well as in the Gulf of Aden and the Red Sea have surged. The number increased from 21 in 2003 to 63 in the period between January and the end of September this year. Damage on ships or tankers owned by Japanese companies has been reported.

12) Will Aso dissolve Lower House in January? Diet session might be substantively extended for passage of financial bill

SANKEI (Page 5) (Full)
November 5, 2008

The government and ruling parties yesterday decided in a House of Representatives Financial Affairs Committee session to bulldoze through the committee today a vote on a bill revising the Financial Functions Strengthening Law in order to get it through the Lower

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House on the 6th. This bill will enable the government to inject preliminary public funds into financial institutions. The ruling camp has judged it necessary to show a clear stance before Prime Minister Taro Aso attends the emergency summit of the Group of Twenty on the global financial crisis on Nov. 15. If the opposition camp toughens its attitude from now on, the ruling bloc will be forced to substantively extend the current extraordinary session until early next January with a two-thirds lower chamber majority override vote or 60-day constitutional rule in mind. (Article 59 of the Constitution stipulates that if the upper chamber rejects a bill, it can still be passed by a two-thirds lower chamber overriding vote.) Given that situation, there is a possibility that the Lower House may still be dissolved in January.

No choice

Ruling Liberal Democratic Party (LDP) Diet Affairs Committee Chairman Tadamori Oshima said: "All parts that the Democratic Party of Japan (DPJ) suggested have been modified. I want to take a vote on the financial bill tomorrow."

DPJ Diet Affairs Committee Chairman Kenji Yamaoka stated: "Are you going to hold a vote before going through thorough deliberations? Well, we then have no choice."

The Oshima-Yamaoka meeting ended in just 15 minutes yesterday. Oshima judged that he was able to obtain Yamaoka's approval with his words: "We have no choice." Later in the day, Yamaoka bumped into New Komeito Diet Affairs Committee Deputy Chairman Hiroyoshi Nishi in the Diet building and told him: "The talks ended in failure. A forced vote that your party likes will be taken tomorrow. You will keep using two-thirds (lower chamber override vote) from now on, won't you?"

Wrapping up consultations on revising the financial bill with three opposition parties, the ruling coalition intends to take a vote on the bill tomorrow afternoon in a Lower House plenary session after carrying out a question-and-answer session today in a Lower House Financial Affairs Committee session. The ruling coalition has come up also with the idea of having the opposition camp take a litmus test by putting both the government's original bill and the revised one to votes.

Until G-20 summit

The ruling camp has been forced to shift to taking a hard-line tactic because it needs to show a clear stance before the G-20 financial summit. Another reason is that it has judged that it will not be able to accept the DPJ's demand that public funds not be injected into the troubled bank, ShinGinko Tokyo, and that Diet

approval be required to inject public funds into the Norinchukin Bank (agricultural cooperative bank). The ruling coalition also is trying to urge the opposition to agree to an early passage of the legislation.

However, if deliberations are stalled in the opposition camp-controlled Upper House, the ruling coalition will be pressed to largely extend the ongoing session, which ends on Nov. 30. It will be possible on Jan. 5 to take a two-thirds lower chamber override vote on the financial legislation. In case the Upper House fails to take a vote on a bill amending the new Antiterrorism Special Measures Law to allow the Maritime Self-Defense Force to continue its refueling

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mission in the Indian Ocean, there is a possibility that an override vote will be taken on the two bills in the Lower House.

If such happens, the opposition camp will probably submit a no-confidence motion against Prime Minister Aso to the Upper House. There may be a possibility that Aso will dissolve the Lower House immediately after taking overriding votes, arguing that he would like to ask for the people's vote of confidence in order to quickly implement a fresh economic stimulus package after presenting a second additional budget for fiscal 2008 that includes the economic package, as well as the state budget for fiscal 2009.

DPJ to demand for revisions to financial bill

The DPJ plans to call for correction of the financial bill by pursuing severely the allegation that a ruling coalition member acted as an intermediary for ShinGinko Tokyo's loans, as well as the practice of amakudari in which retired administrative agriculture vice ministers take the president's post at the Norinchukin Bank. Although a mood calling for Lower House dissolution is certain to grow, the ruling and opposition camps will likely continue their war of nerves, with an eye on public approval ratings for the cabinet and on the economic situation.

13) DPJ head Ozawa orders party to take battle stations: Election will be between the fall and beginning of next year

SANKEI (Page 5) (Excerpts)
November 5, 2008

Democratic Party of Japan (DPJ) President Ichiro Ozawa at a meeting of party officials yesterday ordered that they be prepared for action regarding Diet dissolution and a snap election. He said: "Although the mass media and Prime Minister Taro Aso are saying there will be a delay, in my judgment, Diet dissolution will come between the fall and the beginning of next year. I want you to keep up your spirit that we will win the election without fail."

Ozawa said that the reason for his belief that the time for the Lower House election is drawing near was: "Since the Prime Minister is not a person like former Prime Minister Junichiro Koizumi, who would avoid a showdown, he is not sharp in his judgment. (His administration) cannot last until next September (when the Lower House term ends), so it is inevitable that the time for carrying out a general election is drawing near. If he does not do so, the Prime Minister himself will probably have to leave (his position at the top)."

14) Sales tax to be raised up to 18 PERCENT by 2025, according to final report by government council: Imperative to finance social security

TOKYO SHIMBUN (Top Play) (Full)
November 5, 2008

The government's National Council on Social Security, chaired by Tokyo University Graduate School Professor Hiroshi Yoshikawa, on November 4 submitted a final report that calls for the strengthening of the functions of the social security system and the indication of a way to secure stable fiscal resources to finance that. In response, the government plans to set up a roundtable led by Deputy Chief Cabinet Secretary Jun Matsumoto and Yoshikawa to draw up a

road map for concrete procedures for reform before year's end.

The report notes that in order to finance public expenses needed to strengthen the functions of the social security system, it would be necessary to raise the consumption tax 3.3 PERCENT -3.5 PERCENT by fiscal 2015 and about 6 PERCENT by fiscal 2025, when the aging of the society is expected to peak.

The report also notes that in the event of adopting a tax system of financing the whole amount of the basic pension with tax money alone, a 6 PERCENT -11 PERCENT hike in the sales tax by fiscal 2015 and a 9 PERCENT -13 PERCENT hike by fiscal 2025 would be needed. It says that the sales tax rate -- currently 5 PERCENT -- should be raised up to 18 PERCENT .

The report points out that the present social security system is facing various challenges, including the languished medical service and nursing-care systems.

Concerning the basic pension, the bone of contention, the report includes both cases -- the introduction of a social insurance system of financing it with insurance premiums and tax money as is now the case and the introduction of a tax system of financing the full amount with tax money alone, steering clear of reaching a conclusion on which system should be employed.

As measures for those who did not contribute to the national pension system and those who can only receive a small amount of pension benefits, the report proposes that flexible measures, such as setting up a minimally guaranteed pension amount and additional pension premium payments, should be looked into.

Regarding medical and nursing-care services, the report calls for improving services and enhancing efficiency simultaneously, citing that those services are faced with such challenges as the emergency medical care issue and impoverished local medical services.

The package characterizes measures to address the declining birthrate as a task that should be given top priority, noting that the issue will have an effect on the sustainability of social security.

15) Government, ruling parties to discuss limiting flat-sum benefit payment plan in response to sharp criticism

TOKYO SHIMBUN (Page 2) (Abridged slightly)
November 2, 2008

Following Prime Minister Taro Aso's statement on his decision to exempt high income earners from the list of those entitled to receiving flat-sum benefit payment, a policy incorporated in the package of additional economic stimulus measures, the government and the ruling parties on November 4 started discussing a specific way of limiting the number of those eligible for the payment. The prime minister at first announced that benefits would be paid out to every household. However, he was forced to change that policy, meeting criticism that the uniform payment of benefits to people, including high income earners, is tantamount to doling out pork-barrel largesse.

Regarding the benefit payment, the New Komeito has strongly insisted that the payment must be made within the current fiscal year to help

people in their daily lives. As a result, the government decided not to set an income limit, giving priority to the adoption of an easy method that would enable an early implementation of the plan.

When he released the package of additional economic stimulus measures on October 30, the prime minister categorically said that the flat-sum benefit would be paid to every household. He noted: "The benefit will be paid to every household. The amount should come

to about 60,000 yen per household, according to a simple calculation."

The opposition parties immediately after the release of the economic package started criticizing this measure as pork-barrel largesse aimed at the upcoming next Lower House election. Many lawmakers from the ruling parties, who returned to their home constituencies over the three-day holiday weekend, came to take the view that there should be an income restriction, with one veteran Diet member saying, "Many of our supporters said that it is strange to pay out such a benefit to high income earners as well."

State Minister for Economic and Fiscal Policy Kaoru Yosano, who compiled the economic package, repeatedly stressed on TV talk shows the need to set an income restriction. The government and the ruling parties had no choice but to switch to the adoption of an income restriction, prodded by public opinion.

There is, however, a barrier to the setting of an income restriction. Complicated procedures, such as an amendment to relevant laws, would become necessary in order for local governments that will be in charge of actual work of paying out the benefit to use tax-related information to grasp each household's income. If it takes time to undergo this procedure, it would become difficult to pay out the benefit within the current fiscal year.

Yosano during a press conference on the 4th underscored: "It would not be so difficult, if payment is made, based on the amount of income declared by recipients themselves. This method would not require any legal changes." However, it would be controversial to adopt a method that could lead to false income declarations.

Yosano, LDP Policy Research Council Chairman Kosuke Hori, Acting Chairman Hiroyuki Sonoda and former State Minister for Financial Policy Hakuo Yanagisawa on the 4th conferred on specific matters. However, with the talks focusing on procedures, participants were unable to work out an income restriction demarcation line.

16) Bill to strengthen financial system to clear Lower House tomorrow but to deadlock in Upper House due to DPJ's demand for amendments

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November 5, 2008

Liberal Democratic Party (LDP) Diet Affairs Committee Chairman Tadamori Oshima conveyed to his Democratic Party of Japan (DPJ) counterpart Kenji Yamaoka in the Diet Building yesterday his party's plan to take a vote in a meeting of the House of Representatives' Financial and Monetary Affairs Committee today on a bill amending the Financial Function Strengthening Law to enable the government to pour public funds into local financial and other institutions. The bill is likely to be adopted at the committee and clear the Lower House by a majority from the ruling coalition tomorrow. But the LDP

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and the DPJ remained divided in talks on revising the bill. Four opposition parties have decided to vote against the bill in the meeting today.

The DPJ aims to revise the bill in line with its proposals in the opposition-controlled House of Councillors. After the DPJ's bill is adopted in the Upper House and then sent to the Lower House, the ruling coalition will have to either agree on the DPJ bill or use its two-thirds override vote in the Lower House to reinstate its own bill. Should the bill revised in the Upper House pass the Diet with a second lower chamber overriding vote, it will be the first case in 51 years. The revision bill is likely to be a test case in the divided Diet for Prime Minister Taro Aso, who forwent his original plan for dissolving the Lower House for a snap election.

In the meeting of the LDP and DPJ Diet affairs committee chairmen yesterday, Oshima indicated his willingness to deal with the following three contentious points in the talks on revising the bill by adopting a supplementary resolution: (1) Necessity for a Diet resolution in the case of public funds injected into the

Agricultural and Forestry Central Bank; (2) political neutrality of the said central bank; and (3) removal of New Bank Tokyo from those eligible for public funds. But Yamaoka demanded rewriting the bill, saying: "There will be no substantive effect." As it stands, the two failed to find common ground. The ruling coalition now intends to independently revise only the matters that both sides agreed on.

Speaking before reporters in the Diet Building yesterday, Oshima explained why the ruling camp is eager to push the revised bill through the Lower House: "The prime minister hopes to quickly take best measures to strengthen the domestic financial system. It is necessary to establish a safety net to prevent local economies from being negatively affected by the current situation." Meanwhile, a senior DPJ member told reporters in Tokyo: "The public should understand our party's view toward the Agriculture and Forestry Central Bank and New Bank Tokyo. I wonder if the ruling camp would be able to resort to an override vote under such a situation."

SCHIEFFER